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DESOVO PARISH FIRE DISTRICT NO. 1MANITOWOC, LOUISIANA

## FINANCIAL STATEMENTS

December 31, 2002

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the entity and other appropriate public officials. The reports are available for public inspection at the Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-2-2003

Marsha C. Millican  
Certified Public Accountant  
Shreveport, Louisiana

DECATO PARISH FIRE DISTRICT NO. 2

Financial Statements

December 31, 2002

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# **Marsha O. Millican**

**CERTIFIED PUBLIC ACCOUNTANT**

## Independent Auditor's Report

Board of Commissioners  
DeSoto Parish Fire District No. 8  
Manassfield, Louisiana

I have audited the accompanying component unit financial statements of DeSoto Parish Fire District No. 8, a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2002. These component unit financial statements are the responsibility of DeSoto Parish Fire District No. 8. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of DeSoto Parish Fire District No. 8, as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 16, 2003, on my consideration of DeSoto Parish Fire District No. 8's internal control structure and its compliance with laws and regulations.



Certified Public Accountant  
June 16, 2003

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 2002

	Governmental				Business			
	Fund Type		Account Groups		Fund Type		Account Groups	
	General	Debt	General	Debt	General	Debt	General	Debt
Cash								
All values taxes receivable	\$ 17,553	\$ 3,882						
Investments	687,498	63,409						
Other assets	28,357	34,636						
Land, buildings, and equipment	-	-						
Account available in debt service	-	-						
Amount to be provided for retirement of general long-term debt	-	-						
Total Assets	\$ 733,408	\$ 102,927						
Liabilities								
Accounts payable	\$ 3,103	\$ -						
Bonds payable	-	-						
Capital lease payable	-	-						
Certificates of indebtedness payable	-	-						
Total Liabilities	\$ 3,103	\$ -						
Fund Equity								
Investment in general fund assets	-	-						
Fund Balance:								
Reserved for debt service	-	183,923						
Undesignated	183,048	-						
Total fund equity	183,048	183,923						
Total Liabilities and fund equity	\$ 186,151	\$ 183,923						

See accompanying notes to financial statements.

SEBASTO PARISH FIRE DISTRICT NO. 2

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balance - All Governmental Fund Types  
Year Ended December 31, 2002

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Debt</u> <u>Service</u>	
<b>Revenues:</b>			
Ad valorem taxes	\$ 689,887	\$ 65,339	\$ 755,446
Intergovernmental	32,822	-	32,822
Interest	8,481	1,123	9,604
Miscellaneous revenues	<u>25,881</u>	<u>-</u>	<u>25,881</u>
Total revenues	<u>756,991</u>	<u>66,462</u>	<u>823,453</u>
<b>Expenditures:</b>			
Current:			
Personnel services	370,480	-	370,480
Operating services	82,899	354	83,253
Materials and supplies	37,144	-	37,144
Travel and other	7,906	-	7,906
Debt service	217,742	65,999	283,741
Capital outlay	<u>20,683</u>	<u>-</u>	<u>20,683</u>
Total expenditures	<u>726,954</u>	<u>66,353</u>	<u>793,307</u>
Excess of revenues over expenditures	16,977	309	17,286
Fund balance, beginning of year	<u>686,021</u>	<u>183,618</u>	<u>869,639</u>
Fund balance, end of year	<u>\$ 703,048</u>	<u>\$ 183,927</u>	<u>\$ 886,975</u>

See accompanying notes to financial statements.

BILOXI PARISH FIRE DISTRICT NO. 2

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget (Cash Basis) and Actual  
General Fund  
Year Ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad valorem taxes	\$ 691,107	\$ 689,907	\$ ( 1,200)
Intergovernmental	11,418	33,022	21,604
Interest	4,321	6,401	2,080
Miscellaneous revenues	<u>24,134</u>	<u>25,201</u>	<u>1,067</u>
Total revenues	<u>730,980</u>	<u>754,531</u>	<u>23,551</u>
Expenditures:			
Current:			
Personal services	381,486	379,460	2,026
Operating services	99,566	92,699	6,867
Materials and supplies	38,800	37,144	1,656
Travel and other	8,800	7,904	896
Debt service	217,143	217,142	1
Capital outlay	<u>20,603</u>	<u>20,603</u>	<u>-</u>
Total expenditures	<u>758,398</u>	<u>747,912</u>	<u>10,486</u>
Excess (deficiency) of revenues over expenditures	( 27,418)	16,619	44,037
Fund balance, beginning of year	<u>696,871</u>	<u>696,871</u>	<u>-</u>
Fund balance, end of year	<u>\$ 669,453</u>	<u>\$ 713,490</u>	<u>\$ 44,037</u>

See accompanying notes to financial statements.

DeCade Parish Fire District No. 8

Notes to Financial Statements  
December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DeCade Parish Fire District No. 8 was created by the DeCade Parish Police Jury, as authorized by Louisiana Revised Statute 48:1492 on July 22, 1993. The district is governed by a five member board appointed by the police jury. Board members serve without compensation. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the District. The District is a component unit of the DeCade Parish Police Jury.

The financial statements of DeCade Parish Fire District No. 8 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

Fund Accounting. The accounts of the District are organized on the basis of funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental funds are used to account for all or most of a government's general activities and the acquisition or construction of general fixed-assets. The general fund is used to account for all activities of the general government not accounted for in some other fund.

The General Fund is the general operating fund of the District and is used to account for all financial activities not required to be accounted for in other funds. Primary funding is provided by an ad valorem tax approved by voters of the District.

The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

(Continued)

DEBOTO PUBLIC FIRE DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes are recorded in the year the taxes are due and payable. Interest income on demand deposits is recorded when the interest has been earned and the amount is determinable. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Fixed Assets and Long-Term Debt. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental funds and the related assets are reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. Approximately 97 per cent of general fixed assets are valued at actual cost while the remaining 3 per cent are valued at estimated cost, based on the actual historical cost of like items. The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized.

Long-term debt, such as bonded debt, certification of indebtedness and capital leases is recognized as a liability of a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group.

(Continued)



DECATO POLICE FIRE DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets and Budgetary Accounting. A preliminary budget, prepared on the cash basis of accounting, for the ensuing year is prepared by the board of commissioners and made available to the public. The budget is then adopted during the regular December meeting. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners. The District does not use encumbrance accounting in its accounting system.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the financial statements include the original adopted budget and subsequent amendments.

Risk Management. The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the fire district maintains a commercial insurance policy covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2002.

Total Column on the Balance Sheet. The total column on the balance is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. The data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data a consolidation.

2. CASH:

At December 31, 2002, all cash balances were collateralized by FDIC insurance.

(Continued)

DEBOTE FIRE DISTRICT NO. 2

Notes to Financial Statements

December 31, 2002

3. PER DIEM PAID TO COMMISSIONERS:

No per diem was paid to commissioners for the year ended December 31 2002.

4. TAXES RECEIVABLE:

Ad valorem taxes are collected by the DeBote Parish Sheriff and remitted to the District on a monthly basis. For the year ended December 31, 2002, taxes of 6.34 mills were levied with .95 mills dedicated to debt service and 5.79 mills dedicated for general maintenance.

5. INVESTMENTS:

Investments consist of funds invested in the Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc., a nonprofit corporation organized under the law of State of Louisiana. LAMP accepts deposits from public entities. Upon the making of an investment, a public entity becomes a member of LAMP, Inc., similar to a corporate shareholder, and is maintains certain rights with respect to the governance of the corporation.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality vehicles for investment. The LAMP portfolio includes only securities and obligations in which local governments in Louisiana are authorized to invest. LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U. S. government, or one of its agencies. The dollar weighted average portfolio of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their balances.

At December 31, 2002, funds on deposit with LAMP (at cost) totaled \$56,993.

(Continued)

DEBOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements  
December 31, 2002

6. **FIXED ASSETS:**

A summary of changes in general fixed assets follows:

	Balance Jan. 1, 2002	Additions	Deletions	Balance Dec. 31, 2002
Land	\$ 39,472	\$ -	\$ -	\$ 39,472
Land improvements	34,462	-	-	34,462
Buildings	617,212	-	-	617,212
Fire fighting equipment	2,054,166	26,631	13,382	2,066,315
Total fixed assets	<u>\$2,745,312</u>	<u>\$ 26,631</u>	<u>\$ 13,382</u>	<u>\$ 2,747,532</u>

7. **LONG-TERM DEBT:**

The following is a summary of debt transactions of DeBoto Parish Fire District No. 8 for the year ended December 31, 2002:

	Certificates of Indebtedness	Capital Leases	Bonded Debt
Balance, January 1, 2002	\$ 341,980	\$ 294,399	\$ 180,000
Principal payments	( 61,980)	( 124,795)	( 55,000)
Balance, December 31, 2002	<u>\$ 280,000</u>	<u>\$ 169,604</u>	<u>\$ 125,000</u>

Long term debt at December 31, 2002 are comprised of the following:

Lease purchase agreement:

Agreement for the purchase of two fire trucks entered into on September 12, 1997, due in 5 annual installments of \$60,859 through September 2002, with an interest rate of 4.93%

\$ -

Lease purchase agreement:

Agreement for the purchase of two fire trucks entered into on September 23, 1998, due in 7 installments of \$48,806 through November, 2006, with an interest rate of 4.61%.

\$ 107,618

Bonded Debt:

General obligation bonds issued December 1, 1999, due in annual installments of \$40,800 to \$45,000 due through June 1, 2001 with interest at 6.89% to 7.28%.

\$ 125,000

(Continued)

ABSOLO PARISH FIRE DISTRICT NO. 2

Notes to Financial Statements

December 31, 2002

7. LONG-TERM DEBT: (CONTINUED)

Certificates of indebtedness:

Certificates issued July 1, 1998 for the purpose of acquiring, constructing, and improving fire protection facilities and equipment for the fire district. Annual installments of \$47,000 to \$76,000 are due through March 1, 2026 with interest at 5.5%.

\$ 280,000

The annual requirements to amortize all long-term debt outstanding as of December 31, 2002, including interest payments of \$ 32,830 are as follows:

<u>Year</u> <u>Ending</u> <u>December 31</u>	<u>Total</u>
2003	184,318
2004	196,171
2005	117,865
2006	<u>78,020</u>
<u>Totals</u>	<u>\$ 576,374</u>

8. RETIREMENT PLAN:

The District participates in the Firefighter's Retirement System of Louisiana. Under this System, eligible employees contribute 8% of their wages and the District contributes 3% of eligible wages. The District's contribution changed to 18.28% effective December 1, 2002. The District's contributions under this plan for the year ended December 31, 2002 were \$25,717 based on eligible salaries of \$262,340.

The District also participates in the Parochial Employees Retirement System. Under this system, eligible employees contribute 9.5% of their wages and the District contributes 7.73% of eligible wages. District contributions under this plan for the year ended December 31, 2002 were \$1,715 based on eligible salaries of \$22,139.

# Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
DeCade Parish Fire District No. 8  
Hansfield, Louisiana

I have audited the financial statements of DeCade Parish Fire District No. 8 as of and for the year ended December 31, 2002, and have issued my report thereon dated June 24, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether DeCade Parish Fire District No. 8's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered DeCade Parish Fire District No. 8's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect DeCade Parish Fire District No. 8's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the

accompanying schedule of findings and questioned costs as finding #1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties.



Certified Public Accountant  
June 26, 2003

DESAUTO PARISH FIRE DISTRICT NO. 2

Schedule of Findings and Questioned Costs

December 31, 2002

Finding # 1:

Condition: The segregation of duties is inadequate to provide effective internal control.

Criteria: Employees perform related accounting functions.

Effect of Condition: The condition results in a weakness in internal control.

Cause: The cause is economic and space limitations.

Recommendation: No action is recommended.

Management's Corrective Action Plan: We agree with the finding. Action will be taken as economic and space limitations decrease.

Questioned Costs:

There were no questioned costs for the year ended December 31, 2002.